



MANAGING RESPONSIBLY

March 25, 2010

After three balanced budgets, the global recession caused Ontario, like other jurisdictions in Canada and around the world, to go into deficit. In response to the economic crisis, the government took action and made investments to stimulate the economy, helping families and businesses. It also made the choice to protect the public services that Ontarians value.

The global recession and these necessary investments have contributed to a projected deficit of \$21.3 billion for 2009-10, an improvement of \$3.4 billion from the forecast in the *Fall 2009 Ontario Economic Outlook and Fiscal Review*.

While there are clear signs the Ontario economy has stabilized and recovery is taking shape, growth in the economy and revenues alone cannot bring the province back to balance.

A sustainable financial plan is essential to continue to provide the programs and services Ontarians value most. The 2010 Ontario Budget lays out a realistic and responsible plan to cut the provincial deficit in half in five years and eliminate it in eight years.

EXPENDITURE MANAGEMENT MEASURES

As the global recession took hold last year, the province introduced a number of measures to restrain its spending, including:

- Freezing the salaries of Members of Provincial Parliament in 2009-10
- Freezing the size of the Ontario Public Service (OPS) at 68,645 full-time equivalent staff
- Committing to reducing the size of the OPS by five per cent by March 31, 2012 through attrition and other measures
- Reducing OPS travel costs by 26 per cent so far this year
- Saving an estimated \$111 million in the last five months of the 2008-09 fiscal year by reducing travel and consulting costs; freezing the purchase of government vehicles and the existing government real estate footprint; and increasing green workplace practices to reduce printing, photocopying and fax costs.

In the face of current fiscal challenges, the 2010 Budget is taking additional steps to find efficiencies and reduce the overall cost of government administration.

Compensation Measures

Compensation costs account for the majority of Ontario-funded program spending. Protecting services requires limiting compensation growth to direct scarce resources to service delivery.

As an immediate step, the government will introduce legislation that would:

- Extend the existing freeze of the salaries of Members of Provincial Parliament from one to three years
- Freeze the compensation structures for non-bargained political and Legislative Assembly staff for two years
- Freeze compensation structures in the Broader Public Sector and the OPS for two years for all non-bargained employees.

In two years, these measures would help redirect up to \$750 million towards sustaining schools, hospitals and other public services.

Going forward, the fiscal plan provides no funding for incremental compensation increases for any future collective agreements.

All existing collective agreements in the public sector will be honoured. As agreements are renegotiated, the government will work with transfer payment partners and bargaining agents to seek agreements of at least two years' duration. These agreements should help manage spending pressures, protect public services that Ontarians rely on and provide no net increase in compensation.

Freezing Base Operating Expenses

The government's prudent and responsible plan to manage expenditures will freeze internal administration costs at or below 2010-11 levels over the medium term.

Slowing the Pace of Long-Term Infrastructure Investments

To ensure the right balance between infrastructure priorities and reducing the deficit, the government will undertake a comprehensive review of capital to be completed before the end of 2010. Following this review, the government will launch a new 10-year capital plan in 2011.

In the current fiscal environment, the government has revised the scope and timing of some capital investments. To help manage infrastructure spending over the coming years, the government will:

- Work with Metrolinx to phase construction of transit projects, which would result in approximately \$4 billion in appropriation savings and reduced borrowing over the next five years
- Delay some investments in government office space by five years, resulting in appropriation savings of over \$1.4 billion
- Delay the construction of the Toronto West Courthouse by one year, resulting in appropriation savings of \$130 million over four years
- Eliminate the Ontario Bus Replacement Program and include bus replacement costs as eligible expenses under the gas tax funding program, which supports municipal transit. The government acknowledges that municipalities have current commitments under the Ontario Bus Replacement Program, and will work with them to ensure these commitments are met by providing one-time funding of almost \$174 million in 2009-10.

ONGOING COMPREHENSIVE EXPENDITURE MANAGEMENT REVIEW

In the Fall 2009 *Ontario Economic Outlook and Fiscal Review*, the government launched an enhanced expenditure management review to ensure that every dollar spent on service delivery is spent more effectively.

Building on this work, the government will continue with a comprehensive review of all government programs and services. The review will be overseen by Treasury Board and will ensure that the government's resources are focused on delivering the programs and services that support:

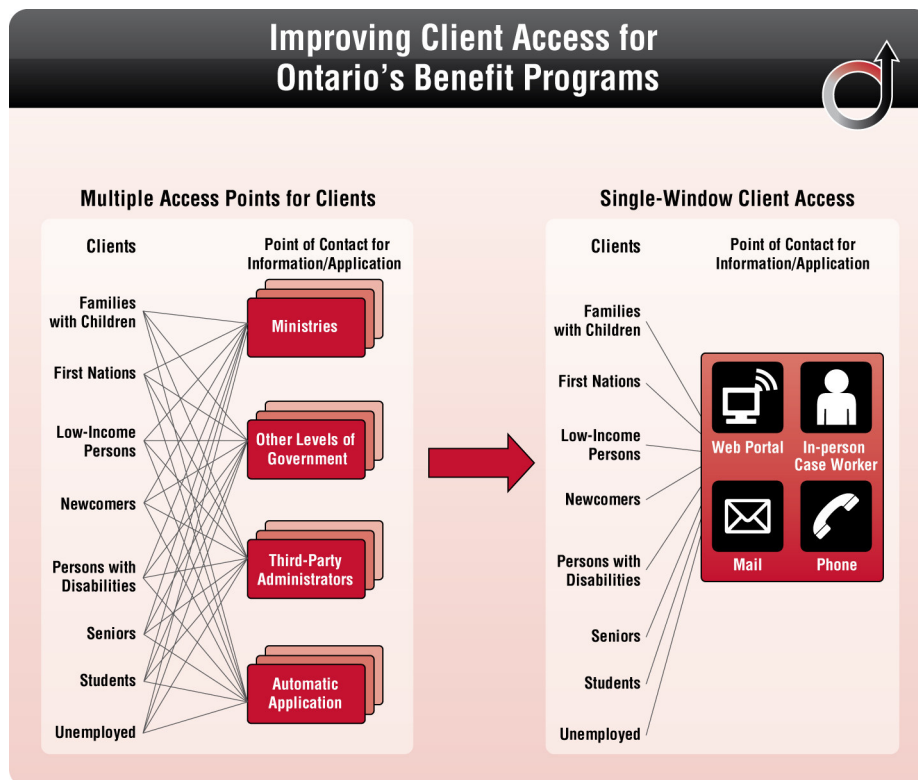
- Jobs and economic growth
- Access to high-quality health care and education
- Clean and strong communities, including effective supports for the most vulnerable.

The goal of the review is to move resources from low-priority areas to high-priority areas and to move forward the Open Ontario plan.

TRANSFORMING PUBLIC SERVICES

Transforming Ontario's Benefits Programs

The McGuinty government provides a wide range of benefit programs to help Ontarians. In addition to improving administrative efficiencies, the government will also improve access to benefit programs. There are currently many ways to access these benefit programs and no central hub for information. The government will simplify access, making it easier for people to find information on benefit programs.



In transforming Ontario's benefits systems, the government will:

- Create a new web portal to help centralize access to program information while improving client service
- Implement an automated income verification process for those benefit programs whose eligibility criteria include income.

Transforming the Health Care System

Under the Open Ontario plan, the government is committed to improving the quality and accountability of the health care system. The 2010 Budget is proposing to:

- Introduce changes to the statutes governing Ontario's drug system that would facilitate lower generic drug prices
- Increase supports for pharmacies in rural and underserved areas and support the expansion of clinical services provided by pharmacists
- Increase the efficiency and effectiveness of the health care system by:
 - Introducing legislation to make health care providers and executives more accountable for improving patient care
 - Reviewing the Public Hospitals Act to create a hospital system that taps into the expertise of community partners and health professionals
 - Creating an independent, expert advisory body to provide recommendations on clinical practice guidelines
 - Striking a working committee composed of the Ministry of Health and Long-Term Care, Ministry of Finance, Local Health Integration Network representatives and the Ontario Hospital Association. The committee will examine the hospital working capital issue and apply appropriate remedies for the hospitals struggling the most with inherited debt. The working committee would be responsible for putting in place an accountability structure to ensure that hospitals pulled out of negative working capital position stay on the right track.

Transforming Employment Ontario

Employment Ontario encompasses training and employment programs and services, and is currently being transformed to include a new one-stop service delivery model that will:

- Improve customer service by making it easier for job seekers, employers and communities to access the programs and services they need
- Ensure Employment Ontario remains responsive to local community needs and the changing demands of the global economy.

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